

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 FEA-01 ERDA-05 AID-05 CEA-01 COME-00 EB-08
FPC-01 INT-05 OMB-01 OES-06 STR-04 TRSE-00 ACDA-07
MC-02 IO-13 DOTE-00 /127 W
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FM AMEMBASSY ROME
TO SECSTATE WASHDC 3133
INFO AMEMBASSY TEHRAN

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E.O. 11652: N/A
TAGS: EAIR, ETRD, ENRG, IT, IR
SUBJECT: ITALIAN HELICOPTERS FOR IRAN - IRANIAN OIL FOR ITALY

ROME 3041

1. ITALIAN PRESS RECENTLY PUBLISHED NEWS RELEASE OF MINISTRY OF STATE HOLDING ABOUT A CONTRACT SIGNED TEHRAN BY COSTRUZIONI AERONAUTICHE AGUSTA S.P.A. AND GOVERNMENT OF IRAN. ACCORDING TO RELEASE THIS "BIGGEST DEAL EVER MADE BY THE ITALIAN AERONAUTICS INDUSTRY" INVOLVES SALE OF 50 CHINOOK HELICOPTERS AMOUNTING TO \$425 MILLION TO BE PAID BY SUPPLYING TO AGIP (ENI GROUP) FIVE MILLION TONS OF OIL AT THE FIXED PRICE, OVER NEXT TWO YEARS, OF \$85 PER TON (SEE REFTEL, PARA 4).

2. ACCORDING TO PRESS, DELIVERY OF THE 50 CHINOOKS TO BE OVER THREE AND HALF YEAR PERIOD. OIL DELIVERIES, TO BEGIN MARCH 7, 1977 AND CONTINUE THROUGH 1978, WILL EQUAL ABOUT 6 PERCENT OF TOTAL ITALIAN IMPORTS OF CRUDE OIL IN 1976.

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3. REPORTEDLY, CHINOOK LICENSE RIGHTS AND IMPORTED INPUTS AMOUNT TO ONLY 6 PERCENT OF ITS PRICE AND ENGINES (LYCOMING T55-LIIA), ANOTHER 20 PERCENT. PIAGGIO, ANOTHER ITALIAN COMPANY, WILL BUILD THE ENGINES.

4. COMMENT: ACCORDING TO ENI (STATE HYDROCARBONS AGENCY) OFFICIAL, PRESS RELEASE STATEMENT THAT IRAN WILL PAY FOR

HELICOPTER IN CRUDE OIL AT FIXED-PRICE OF \$85 PER M.T.
IS MESLEADING. ACTUALLY, THERE ARE TWO, INTER-RELATED
CONTRACTS, THE FIRST WITH AGUSTA FOR HELICOPTERS WORTH
\$425 MILLION AND A SECOND WITH AGIP (ENI'S OIL PRODUCTION,
REFINING AND DISTRIBUTION SUBSIDIARY) UNDER WHICH AGIP WILL
PURCHASE APPROX. 5 MILLION M.T. OF IRANIAN CRUDE OVER TWO
YEAR PERIOD AT INTERNATIONAL MARKET PRICES. SECOND CONTRACT,
THEREFORE, AMOUNTS TO GUARANTEED PURCHASE CONTRACT, ASSURING
AGIP ACCESS TO GIVEN QUANTITY OF IRANIAN CRUDE BUT DOES NOT
GIVE AGIP A PRICE BREAK. AT CURRENT MARKET PRICES, OF COURSE,
5 MILLION M.T. OF CRUDE COMES TO SUBSTANTIALLY MORE THAN
ANNOUNCED VALUE OF HELICOPTERS.

5. AN AGUSTA FFILIATE, ELICOTTERI MERIDIONALE S.P.A.
(BASED AT FROSINONE JUST SOUTH OF ROME) IS THE BOING
LICENSEE FOR CHINOOK CH-47C HELICOPTERS, AGUSTA IS THE PRIME
CONTRACTOR FOR A GROUP OF COMPANIES WHICH PRODUCE THE CHINOOK.
EMBASSY HAS BEEN INFORMED BY AGUSTA OFFICIALS THAT THE
CHINOOKS ARE PRICED AT \$6 MILLION EACH AND THAT SPARE PARTS
AND SERVICES WILL COST "AT LEAST" ANOTHER \$1.2 MILLION FOR
EACH HELICOPTER. AGUSTA OFFICIALS SAY THAT WHILE LICENSE
FEES COME TO LESS THAN 6 PERCENT OF CHINOOK PRICE, IMPORTED
INPUT COSTS WILL COME TO CONSIDERABLY MORE (THAN THE
6 PERCENT REPORTED IN THE PRESS), ESPECIALLY AS EXPENSIVE
U.S. MADE AVIONICS WILL BE USED. NEGOTIATIONS BEGAN ABOUT
ONE YEAR AGO. AGUSTA SOLD 44 CHINOOKS TO IRAN SEVERAL
YEARS AGO. BEAUDRY

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 04-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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